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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

OCT 14 2011

GARY PIERCE - Chairman
 BOB STUMP
 SANDRA D. KENNEDY
 PAUL NEWMAN
 BRENDA BURNS

DOCKETED BY

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IN THE MATTER OF THE APPLICATION OF
 TORTOLITA WATER COMPANY FOR A RATE
 INCREASE.

DOCKET NO. W-02301A-05-0873

DECISION NO. 72632

ORDER EXTENDING TIME
DEADLINE CONTAINED IN
DECISION NO. 68864

Open Meeting
 October 11 and 12, 2011
 Phoenix, Arizona

BY THE COMMISSION:

* * * * *

Having considered the entire record herein and being fully advised in the premises, the
 Arizona Corporation Commission ("Commission") finds, concludes, and orders that:

FINDINGS OF FACT

1. Tortolita Water Company, Inc. ("Tortolita" or "Company") is located in a new
 development called Garden Estates in an area of Pima County, northwest of Tucson.

2. Tortolita received a Certificate of Convenience and Necessity ("CC&N") in Decision
 No. 55928 (March 28, 1988), when it purchased the assets of the Tortolita Water System.

3. Tortolita's current rates were set in Decision No. 68864 (July 28, 2006).

4. Tortolita's water system was originally designed in 1976 to serve 12 lots which were
 never built. In the last rate case, it was reported that the system had been expanded in preparation of
 serving a new subdivision comprised of 25 lots.¹ At that time, Tortolita only had one customer.

5. Decision No. 68864 required Tortolita to file a rate case within five years of the

¹ See Decision No. 68864 at 2.

1 effective date of the Decision, or July 28, 2011.

2 6. On July 21, 2011, the Company filed a request for extension of time to file the rate
3 case. In its request, the Company reports that although at the time of the last Decision, it was
4 projected to be serving 25 lots, at this time, Tortolita has only two customers. The Company
5 attributes the change in anticipated circumstances to several factors, including: 1) some of the lots
6 needed to be redesigned due to flood plain issues; 2) the market for developed lots has decreased
7 drastically; and 3) potential buyers' problems with lending institutions.

8 7. On August 16, 2011, Staff filed a Memorandum concluding that a rate case filing at
9 this time would not be meaningful or reasonable when the Company has only two customers. The
10 Company did not include a specific requested extension time in its request, but subsequently
11 informed Staff that it believed that a two year extension would be "accurate and realistic." Staff
12 recommends that the Company's request for an extension of two years, or until July 28, 2013, be
13 granted.

14 8. The requirement to file a rate case within five years of initial rates being set is
15 standard Commission practice and is intended to ensure that the rates that are set based on estimates
16 before the Company has any customers, remain just and reasonable. However, to require a rate case
17 while the Company has only two customers would not be a meaningful endeavor. Consequently, we
18 concur with Staff's recommendation that the requirement to file a rate case as set forth in Decision
19 No. 68864 be extended two years, until July 25, 2013.

20 CONCLUSIONS OF LAW

21 1. Tortolita is a public service corporation within the meaning of Article XV of the
22 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

23 2. The Commission has jurisdiction over Tortolita and the subject matter of the request.

24 3. An extension of time to comply with the requirements of Decision No. 68864, as
25 discussed herein, is fair and reasonable and in the public interest.

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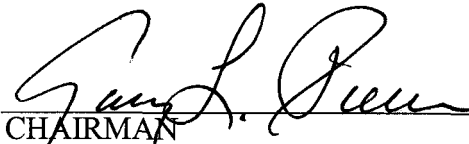
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ORDER

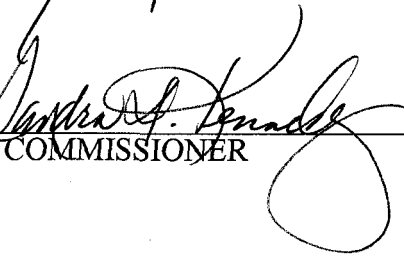
IT IS THEREFORE ORDERED that the deadline for Tortolita Water Company, Inc. to file a rate case, as required by Decision No. 68864, is extended until July 28, 2013.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

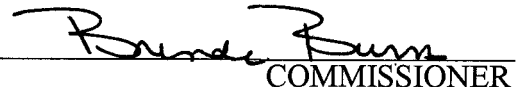
BY ORDER OF THE ARIZONA CORPORATION COMMISSION.


CHAIRMAN


COMMISSIONER


COMMISSIONER


COMMISSIONER


COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
Executive Director of the Arizona Corporation
Commission, have hereunto set my hand and caused the
official seal of the Commission to be affixed at the Capitol,
in the City of Phoenix, this 14th day of
October, 2011.


ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT _____

DISSENT _____

1 SERVICE LIST FOR: TORTOLITA WATER COMPANY, INC.

2 DOCKET NO.: W-02301A-05-0873

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